

# I-937 Inquiry Form

*May 2011*

**Commerce and the Washington Utilities and Transportation Commission staff offer analytic guidance** to provide stakeholders more clarity on issues related to I-937; however, the analysis does not represent pre-qualification under I-937, nor is it a legal opinion. It is incumbent on the utility or stakeholder to make their case to the State Auditor or UTC, as appropriate.

**The Energy Independence Act**, approved by voters as I-937 in 2006 (Chapter 19.285 RCW and Chapter 194-37 WAC), requires utilities with more than 25,000 customers to acquire all cost-effective conservation and serve their customers with a portfolio of resources that consists of 3% renewable energy (as defined in the statute) by 2012, 9% in 2016 and 15% in 2020.

Date: June 14, 2011

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Organization: The Climate Trust

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**What specific section of the WAC or RCW are you referring to?**

WAC 194-37-040

**Describe your question in detail. Provide any information that will help us understand your issues. We will contact you if we need further clarification.**

The definitions of “Non-power attributes” and “Renewable Energy Credits” are unclear as to whether they include the methane destruction benefits associated with landfill gas and biogas energy generation projects. All qualified renewable energy generation projects create non-power attributes by displacing fossil-fired grid electricity and avoiding air and carbon emissions from coal, oil, and natural gas fired plants. Landfill gas and biogas projects are unique from solar and wind projects in that they produce a second greenhouse gas reduction (GHG) benefit associated with the capture and destruction of methane, a potent GHG whose global warming potential is 21 times stronger than carbon dioxide.

This distinct environmental benefit is recognized and accounted for by the Western Renewable Energy Generation Information System (WREGIS). The definition of “Renewable and Environmental Attributes” in WREGIS’s December 2010 Operating Rules contains a footnote that states the following:

“The avoided emissions referred to here are the emissions avoided by the generation of electricity by the Generating Unit, and therefore do not include the reduction in greenhouse gases (GHGs) associated with the reduction of solid waste or treatment benefits created by the utilization of biomass or biogas fuels....”

The WREGIS renewable and environmental attributes definition creates clarity that the methane destruction benefits is unique from the environmental attributes associated with displacing fossil fired grid electricity. This interpretation allows these projects to generate revenues from the sale of both certified GHG offsets and Renewable Energy Credits. This practice is allowed under the California and Oregon Renewable Portfolio Standards. More importantly it allows these projects, which can be financially marginal, improved prospects for being economically viable.

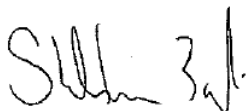
**What is your interpretation?**

The definitions for nonpower attributes and Renewable Energy Credits are unclear and do not take into account a scientifically credible GHG emission reductions associated with the destruction of landfill gas and dairy manure methane that are separate from the environmental attributes associated with displacing fossil fired grid electricity.

The Climate Trust is a 501(c)3 organization that is interested in supporting innovative clean energy projects. We have provided carbon offset funding for two biogas electricity projects in Washington State and are interested in financing additional projects in Washington State, but the current definitions create uncertainty over whether carbon offsets can be purchased from projects that sell Renewable Energy Credits that are intended to meet the RPS. Clarifying this uncertainty would help avoid potential disputes associated over the ownership of the distinct environmental attributes.

Thank you for reviewing this request for clarification. I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sheldon Zakreski'.

Sheldon Zakreski  
Senior Program Manager  
The Climate Trust